

# **Public Lands and Property Taxes**

**Daniel P. Huegel**

WISCONSIN DEPARTMENT OF REVENUE  
Division of Research and Analysis  
Bureau of Local Fiscal Policy  
June 2000

# ***Public Lands and Property Taxes***

Written by Daniel P. Huegel

## **Wisconsin Department of Revenue**

**Division of Research and Analysis**

P.O. Box 8933

Madison, Wisconsin 53708-8933

*For more information on this subject call 266-2700*

*Cover design by Heanne Gomoll*

*Layout design by Jolene Willert*

*The Wisconsin Department of Revenue provides equal opportunity in its employment, programs, services, and functions under an Affirmative Action Plan. If you have any questions, please write to Equal Opportunity Office, Department of the Interior, Washington, D.C. 20240.*

*This publication is available in alternative format (large print, Braille, audio tape, etc.) upon request.*

# Public Lands and Property Taxes

## CONTENTS

<b>EXECUTIVE SUMMARY.....</b>	<b>1</b>
<b>INTRODUCTION .....</b>	<b>2</b>
<b>SECTION 1: THE PROPERTY TAX SYSTEM AND PUBLIC LAND .....</b>	<b>3</b>
<i>School districts .....</i>	<i>5</i>
<i>Counties .....</i>	<i>7</i>
<i>Municipalities .....</i>	<i>8</i>
<i>Other Taxing Jurisdictions .....</i>	<i>9</i>
<i>State Credits .....</i>	<i>9</i>
<b>SECTION 2: STATE PUBLIC LAND PROGRAMS .....</b>	<b>10</b>
<i>County Forests .....</i>	<i>10</i>
<i>Forest Crop Law .....</i>	<i>13</i>
<i>Woodland Tax Law .....</i>	<i>15</i>
<i>Managed Forest Land Law .....</i>	<i>16</i>
<i>Department of Natural Resources Land .....</i>	<i>19</i>
<b>SECTION 3: FEDERAL PUBLIC LAND PROGRAMS .....</b>	<b>22</b>
<i>Payments In-Lieu of Taxes .....</i>	<i>22</i>
<i>Army Corp of Engineers .....</i>	<i>25</i>
<i>Fish and Wildlife Service .....</i>	<i>25</i>
<i>National Forest Service .....</i>	<i>28</i>
<i>Department of Defense .....</i>	<i>31</i>
<i>Impact Area Aids .....</i>	<i>31</i>
<b>CONCLUSION.....</b>	<b>32</b>
<b>Appendix Table 2. Payments To Local Governments For Federal Public Land Programs In 1998.....</b>	<b>33</b>
<b>Appendix Table 2. Payments To Local Governments For Federal Public Land Programs In 1998.....</b>	<b>34</b>

## Executive Summary

Contrary to common belief, the presence of public land, including private forest tax law lands, in a community has little effect on property taxes in that community. *Why?* In Wisconsin, changes in state aid payments and special payments for public land usually neutralize the loss in tax base due to public lands. To appreciate why this occurs, one needs to know the basic workings of the property tax system. In Wisconsin, property taxes are levied by the state, technical colleges, school districts, counties, municipalities, and special districts. Except for the state, these entities determine their property tax levy by subtracting expected revenues from budgeted spending. The tax levy is allocated to each entity's municipalities based on *equalized value* - the full market value of all taxable property in a municipality. The municipality then allocates its share of the levy to individual taxpayers on the basis of *assessed value* - the value placed on the property by the local assessor.

Equalized value is critical for determining the amount of state aid paid to school districts, municipalities, and counties. Under the school equalization aid formula, when equalized value declines, as it would with a public purchase of land, equalization aid rises to offset most if not all of the loss in equalized value. Under the aidable revenues portion of shared revenues, aids to municipalities and counties also rise to offset most, if not all, of a loss in equalized value due to the purchase of public land. State law directs that special payments in-lieu of tax be made annually for land enrolled under the state's special forest tax laws. For land in county forests, the municipality receives a payment of \$0.30 per acre from the DNR and the county must share at least 10% of the proceeds from timber sales. For land enrolled

in one of the private land forest tax programs, the municipality receives payments from the landowner annually and when income is received through timber harvesting. For most lands under the tax laws, the DNR also makes an aid payment to the municipalities. The DNR is also required by state law to make annual payments in-lieu of taxes for state forests, parks, hunting grounds, fish hatcheries, game farms, wildlife preservation areas, recreation areas, and natural areas. Although payment levels vary by date of purchase, for all land purchased after Dec. 31, 1991, the payment is calculated under a tax equivalency formula meant to replace the property taxes that would have been levied had the property remained on the tax roll.

Federal law directs that payments in-lieu of property taxes be made annually for most land owned by the National Park Service, Forest Service, and Bureau of Land Management, plus land used in water resource projects and for some semi-active or inactive military installations. Federal law also requires certain federal agencies to make additional payments annually based on the value of their land or income produced by such land. In Wisconsin, such payments are made by the Army Corps of Engineers, Defense Dept., Fish and Wildlife Service, and Forest Service. Another federal aid program, impact area aid, provides payments to school districts with large federal land holdings or significant numbers of students residing on federal property.

Because of these payments, public land and land enrolled in a forestry tax program has little effect on property tax levies. Therefore, public land acquisition decisions should focus on the effect the purchase will have on the environment and local economy and not on how such land will affect property taxes.

## Introduction



*Pheasant hunting in Dane County.*

Many people enjoy Wisconsin's public land for hunting, fishing, camping, hiking, and other recreational pursuits. Public land is also used for forestry, which provides significant levels of employment in many communities in the state.

It is commonly believed that the presence of public land in a community increases property taxes because such land is exempt from taxes and the resultant lower tax base means higher taxes for local property owners. In Wisconsin, this rarely happens. In general, state aid programs for municipalities, counties, and school districts plus payments in-lieu of tax payments by public land owners offset most, if not all, of the effect of public land on property taxes.

This report examines the effect of public land on property taxes in Wisconsin. The report will show that since public land has little effect on property taxes, decisions concerning public land should focus on how such land will affect the local environment and the local economy. The effect on property taxes should not be a primary focus on public land decisions.

As used in this report, public land includes property owned by a wide variety of governmental agencies, private firms, and individuals. The federal agencies with the largest land holdings are the Forest Service, the Fish and Wildlife Service, the National Park Service, and the Army Corps of Engineers. The state agency with the largest land holdings is the Department of Natural Resources (DNR) with its state forests, parks, fisheries, and wildlife area programs. County forests are the largest category of public land for local governments. For private firms and individuals, land enrolled under special forest tax laws is the largest category of public land. In total, nearly 8 million acres in Wisconsin are owned under the various public land programs noted above.

While public land offers aesthetic and recreational benefits, it is commonly believed that these benefits come at the price of higher property taxes. Of course, when a state or federal agency buys land, all taxpayers pay for the purchase through their taxes.

*Do taxpayers in the communities where the land is bought pay more? Do these taxpayers pay higher property taxes because of the reduction in their tax base?*

In Wisconsin, the answer is in almost all cases an emphatic "No." In order to understand why, it is necessary to understand how Wisconsin's property tax system works and how various state aids programs compensate for public land ownership. The first section of this report describes how Wisconsin's property tax system works. The following sections discuss, in turn, the various state and federal public land programs.

## The Property Tax System and Public Land

In Wisconsin, governments that levy property taxes (called *taxing jurisdictions*) include the state, technical college districts, school districts, counties, municipalities (towns, villages, and cities), and special districts (metropolitan sewerage, town sanitary, and lake protection and rehabilitation districts). Property tax bills are sent out in December with payments due in the following year.

Although property taxes are levied by the various taxing jurisdictions, they are collected initially by the municipal treasurer. Table 1 shows the property taxes levied in 1998 for collection in 1999 in towns (where most public land is located) by taxing jurisdiction, the percent of the gross taxes, and the average tax rate in mills (dollars of tax per thousand dollars of equalized value).

**Table 1. Property Taxes Collected in Wisconsin Towns, 1998/99.**

<b>Taxing Jurisdiction</b>	<b>Taxes Collected (\$)</b>	<b>% of Gross Tax Levy</b>	<b>Average Tax Rate (mills)</b>
School districts	\$ 991,522,948	53.11%	10.63
Technical colleges	146,487,258	7.85	1.57
Counties	463,754,151	24.84	4.97
Towns	234,925,126	12.58	2.52
Special districts	11,670,042	0.63	0.13
State	18,654,356	1.00	0.20
Gross tax levy	\$1,867,013,881	100.00	20.02
School levies credit	-166,472,971	- 8.92%	-1.78
Net tax levy	\$1,700,540,910	91.08%	18.24

As Table 1 shows, the major taxing jurisdictions for towns are school districts, counties, and towns. For 1998/99 levies, these jurisdictions accounted for 53.11%, 24.84%, and 12.58% respectively, for a total of 90.53% of the total gross tax levy. Taxes for technical colleges, special districts, and the state comprised only 9.47% of the gross tax levy in 1998/99. Except for the state tax levy, which is set by law at 0.20 mills of equalized

value, each taxing jurisdiction calculates its own tax levy. When calculating its levy, the jurisdiction first calculates the amount of money it needs to provide its services in the coming year. Then it estimates the revenue it will receive from federal or state grants or aids, fees, operating receipts, fines, interest earnings, and other sources of revenue. The difference between expenditures and revenue is the amount of money that must be raised through the property tax.

The property tax levy of a taxing jurisdiction with territory in two or more municipalities is distributed among those municipalities according to *equalized value*. Equalized value (sometimes referred to as full value) is the full market value of all taxable property in a municipality. The total equalized value of a taxing jurisdiction is also referred to as its *tax base*. Thus, if a town has 30% of a school district's equalized value or tax base, then the town is allocated and must pay 30% of the school district's property tax levy. Equalized value for every municipality and taxing jurisdiction is determined annually by the Wisconsin Department of Revenue based on market sales during the prior year. Equalized value is determined for the municipality as a whole, not for specific parcels.

Within a municipality, the tax burden is distributed among property owners according to *assessed value*. If the assessed value of an individual's property is 2% of the municipality's total assessed value, 2% of the municipality's property taxes must be billed to that individual. Assessed value is determined by the local assessor (except for manufacturing property, which is assessed by the Wisconsin Department of Revenue). The local assessor may assess property at some percentage of full market value. The ratio of assessed value to equalized value is called the *assessment ratio*. Thus, if the assessment ratio were 95%, a home whose full market value is \$100,000 would be assessed at \$95,000. The assessment ratio varies widely from municipality to municipality. However, since assessed value is meaningful only within a municipality, it does not matter if each local

assessor assesses property at a different percentage of full value.

Thus, *equalized value* is used to distribute the state, technical college, school district, and county property tax levies among municipalities. *Assessed value* is used to distribute these levies among property owners within a municipality. All of these distributions are done by the *tax rate*.

For example, the equalized value tax rate for a county is its levy divided by its tax base:

$$\text{Equalized value tax rate for county} = \frac{\text{County tax levy}}{\text{Equalized value of property in county}}$$

A municipality's share of the county tax levy is calculated by multiplying the municipality's equalized value by the county's equalized value tax rate.

For the municipality, the assessed value tax rate is the municipality's share of the county levy divided by the total assessed value of the municipality. For example:

$$\text{Assessed value tax rate for county} = \frac{\text{Municipality's share of county levy}}{\text{Municipality's assessed value}}$$

For an individual property owner, the amount of county tax he or she must pay equals the assessed value of his or her property multiplied by the assessed value tax rate.

An equalized value tax rate can always be translated into a local assessed value tax rate by using the assessment ratio as follows:

$$\text{Assessed value tax rate in a municipality} = \frac{\text{Equalized value tax rate}}{\text{Municipality's assessment ratio}}$$

For example, if the equalized value tax rate for a county is \$5.00 per \$1,000 equalized value and the assessment ratio in a given municipality is 80%, then the assessed value tax rate would be \$6.25 per \$1,000 assessed value (\$5.00 / 80%).

Conversely, an assessed value tax rate can always be translated into an equalized value tax rate using the assessment ratio as follows:

$$\text{Equalized value tax rate} = \text{Assessed value tax rate} * \text{Municipality's assessment ratio}$$

For example, if the assessed value tax rate for a county in a municipality is \$6.25 per \$1,000 assessed value and the assessment ratio is 80%, then the equalized value tax rate for the county is \$5.00 per \$1,000 equalized value (\$6.25 X 80%).

In this report, equalized value tax rates will be used to avoid the confusion of having to take into consideration the different assessment ratios in each municipality across the state.

The property tax system is complex. In order to understand the effect of public land on property taxes, it is important to take a more detailed look at how the major taxing jurisdictions set their tax levies.

## School Districts

In general, school districts contain several municipalities, and district boundaries often do not follow town or county boundaries. The school district's tax levy is determined by estimating expenditures and then subtracting the revenue provided by the state through the state equalization aid formula, other state aids, and other revenues. The property tax levy and equalized value tax rate are determined as follows:

$$\text{Property tax levy} = \text{School costs} - (\text{Equalization aid} + \text{other aids and revenues})$$

$$\text{Equalized value tax rate} = \frac{\text{Property tax levy}}{\text{Equalized value (tax base) of school district}}$$

Based on the equation for the equalized value tax rate, you might expect tax rates to increase as public land reduces the tax base. However, the property tax levy equation contains an item called *equalization aid*, which plays a critical role in determining how public land affects tax rates. Under the state's school equalization aid formula, when the tax base declines, as it would with a public purchase of land, equalization aid rises to offset most if not all of the loss in tax base. The following discussion illustrates how the state's school equalization aid formula operates:

The state school equalization aid formula is designed to achieve equal tax rates for districts with the same spending per pupil. This means that school property tax rates do not depend on the property tax base of the district.



The equalization aid formula pays each district a portion of their *shared costs*. Shared costs are the total expenditures of a school district minus most federal aid, state categorical aids (primarily handicapped education aid), and local non-tax revenues (such as interest earnings), and special payments from the state and federal government (such as those for tax-exempt land to be discussed in this report). For the 1998/99 school year, shared costs represent about 80% of total expenditures. Shared costs are calculated using the prior year's spending and pupil (also called "membership") data.

The state school equalization aid formula guarantees each school district a certain property value behind each "member" (or full-time equivalent student) to finance the district's schools. Because some schools do not operate all 12 grades, the guaranteed values are adjusted to reflect differences in the grade levels offered. Aid is paid on three tiers, depending on the district's shared costs per member. As with shared costs, the aid formula uses the prior year's values when calculating aid payments. For aids paid in the 1998/99 school year (and therefore affecting 1998/99 property taxes), the guaranteed values under the school aid formula were:

Shared cost/member	Guaranteed Values per Member		
	K-12 Districts	K-8 districts	Union High districts
First \$1,000	\$ 2,000,000	\$ 3,000,000	\$ 6,000,000
Next \$5,285	\$ 676,977	\$ 1,015,465	\$ 2,030,931
Over \$6,285	\$ 263,246	\$ 394,869	\$ 789,738

The state equalization aid formula "guarantees" these values by providing aid to compensate for the shortfall between a district's actual equalized value per member and the guaranteed value. Thus, for a K-12

school district with an equalized value of \$200,000 per member, the aid formula would provide the following percentages of spending:

Shared cost/member	Calculation of aid percentage	Aid percentage
First \$1,000	$1 - (200,000/2,000,000)$	90.00%
Next \$5,285	$1 - (200,000/676,977)$	70.46%
Over \$6,285	$1 - (200,000/263,246)$	24.03%

If a district's equalized value per member is more than the guarantee; state aid for that district is decreased. However, total equalization aid cannot be reduced below zero.

In effect, if a school district's per member value is less than the guaranteed values; the state pays the school tax on the shortfall in value. As a result, if the amount of public land in a school district increases, the

equalized value per member in the district will decline and the district's percentages of the state guaranteed values fall. Thus, state aid to the district will increase to offset most, if not all, of the loss in tax base. As a result, the district's tax rate will change by a small amount, if it changes at all, due to the purchase of public land.

## Counties

The county tax levy is determined by estimating expenditures and then subtracting the revenue provided by the state and other sources. Unlike schools, counties have a wide variety of revenue sources. For example, some county services are provided for a fee to users or are reimbursed by the state. Many counties have imposed a 0.5% sales tax piggybacked on the state sales tax. The property tax levy and equalized value tax rate are determined as follows:

$$\text{Property tax levy} = \text{County expenditures} - (\text{state aid} + \text{fees} + \text{other revenue})$$

$$\text{Equalized value tax rate} = \frac{\text{Property tax levy}}{\text{Equalized value (tax base) of county}}$$

When analyzing the effect of state aid for counties, state shared revenue is the most important aid program. Under shared revenue, counties receive four payments:

(1) payment for certain tax-exempt public utility property in the county, (2) per capita payment (also called a county mandate relief payment), which provided \$3.85 per person in 1999, (3) aidable revenues payment, and (4) a minimum-maximum adjustment.

Of the various payment components, the aidable payment is the most important. It is similar to the school equalization aid formula in that a county's aid payment equals the product of its aidable revenues (prior years' property tax levy plus certain other locally raised revenues) multiplied by the percentage by which its per capita tax base is below a guaranteed tax base. For 1999 payments, the guaranteed value was \$47,922. Thus, a county with a per capita value of \$35,942, or 75% of the guarantee, was eligible for a payment of 25% of its aidable revenues. The minimum-maximum adjustment guarantees that shared revenue payments may not decline by more than 5% from the prior year. Minimum payments are funded by capping growth in payments. Since many counties receive minimum payments or have their payment increases capped, the full equalizing impact of the aidable revenues payment for counties may be muted.

If the amount of public land in the county increases, shared revenue may increase to compensate for the loss in tax base, as happens with school districts. Because counties normally cover several hundred square miles of territory and have large tax bases, most public land purchases will, if not compensated by changes in shared revenue, lead to imperceptible changes in the county's tax rate. However, under many public land programs, counties receive special payments from the agency that purchases public land. The amounts of such payments and the effect on county tax rates are discussed in sections 2 and 3 of the report.

## Municipalities

Municipalities in Wisconsin are classified into cities, villages, and towns. The municipal tax levy is determined by estimating expenditures and then subtracting state aids, user fees, and other local revenue. The average municipal-purpose tax rate for 1998/99 was \$2.52 per \$1,000 full value for towns, \$6.21 per \$1,000 for villages, and \$8.47 per \$1,000 for cities.

The property tax levy and equalized value tax rate are determined as follows:

$$\text{Property tax levy} = \text{Expenditures} - (\text{State aids} + \text{fees} + \text{other revenue})$$

$$\text{Equalized value tax rate} = \frac{\text{Property tax levy}}{\text{Equalized value (tax base) of county}}$$

Shared revenue is one of the largest aid payments received by municipalities. Under shared revenue, municipalities receive four payments:

(1) payment for certain tax-exempt public utility property, (2) per capita payment, which provided \$27.06 per resident in 1999, (3) aidable revenues payment, and (4) a minimum-maximum adjustment.

As with counties, the aidable revenues payment is the most important part of the program. A municipality's payment equals its aidable revenues (prior years' property tax levy plus certain other locally raised revenues) multiplied by the percentage by which its per capita tax base is below a guaranteed tax base. For 1999 payments, the guaranteed value was \$48,787. Thus, a municipality with a per

capita value of \$36,590, or 75% of the guarantee, is eligible for a payment of 25% of its aidable revenues. The minimum-maximum adjustment guarantees that shared revenue payments may not decline by more than 5% from the prior year; however, these minimums are funded by limiting growth in payments to other municipalities from the prior year. As a result, for those municipalities whose payment is at the minimum or whose payment is capped, the full equalizing impact of the aidable revenue payment is muted.

*What happens if the amount of public land in the municipality increases?*

Several factors influence the effect of public land on town tax rates. First, the size of the tax base can play a role. Towns with large tax bases can absorb a loss in tax base with a small rate change. Second, shared revenue may increase to compensate for the loss in tax base. Third, and perhaps most important, most public land programs provide for special payments to towns from the agency, which purchases public land. The amounts of such payments and the effect on town tax rates are discussed in sections two and three of this report.



*Mountain biking at Kettle Moraine State Forest.*

## Other Taxing Jurisdictions

The state tax rate is set by law at \$0.20 per \$1,000 full value; thus, purchases of public land have no effect on this rate.

Technical college districts cover several counties or parts thereof, so the tax base is quite large. Their tax rates are also generally low, ranging from \$1.30 to \$2.08 per \$1,000 for 1998/99 property taxes. Technical colleges also receive part of their state aid on a formula-basis similar to school districts. For these reasons, the effect of public land on tax rates for technical college districts is insignificant.

Special districts in towns (primarily town sanitary districts and lake protection and rehabilitation districts) receive little, if any, state aid. Their tax bases also tend to be quite small. As a result, public land purchases in these districts could have an effect on special district tax rates. Most of these districts serve more heavily populated and developed parts of towns. Since most public land purchases tend to occur in the more unpopulated and undeveloped parts of towns, special district levies are rarely affected by public land purchases.

## State Credits

Under the school levies tax credit, the state provides property tax relief by paying part of each property owner's tax bill. For credits on 1998/99 property tax bills, the credit equaled 17.24% of the average school levy for the prior 3 years. The credit is allocated to each property based on the assessed value of the property. Purchases of public land, by reducing the total school taxes, also reduce

(over the subsequent 3 years) the credit payment to a town, but the credit for an individual property is not usually affected.



## Summary

As discussed above, school districts, counties, municipalities, the state, technical college districts, and special districts levy property taxes. Each calculates its tax levy by estimating its expenditures and subtracting state and federal aid and other revenues it expects to receive. The tax rate is determined by dividing the tax levy by the total value of property, or the tax base, in the jurisdiction.

Public land lowers the tax base, but it does not necessarily mean that tax rates will increase. When public land is purchased, the state provides more state aid to the school district, the county, and the municipality. In many cases, this aid fully offsets the loss in tax base due to the purchase of public land. In addition, many agencies make payments in-lieu of tax payments on public land they purchase. Special payments for state public land programs are discussed in the following section.

## State Public Land Programs



*Cross country skiing at Blue Mounds State Park.*

State law directs that special payments in-lieu of taxes be made for land owned under the following public land programs: (1) county-owned land enrolled in the County Forest Program, (2) private property enrolled under the Forest Crop Law, (3) private property enrolled under the Woodland Tax Law, (4) private property enrolled under the Managed Forest Land Law, and (5) land owned by the DNR and used for fisheries, wildlife, state forests, and state parks. Each of these programs is discussed in this section and summarized in Appendix Table 1. Examples of the property tax effect of the County Forest, Managed Forest Land, and DNR land purchase programs are also discussed in this section.

### County Forests

County forests form the largest public land program in Wisconsin, covering about 2.34 million acres in 28 counties and 258 municipalities. The law permitting counties to establish county forests was enacted in 1928. At that time, there were large tracts of cutover land in northern Wisconsin on which owners were unable or unwilling to pay their taxes. Because much of this land was then considered worthless, counties were unable to sell it at tax sales and were therefore obligated to take tax title. The county forest law encouraged counties to reforest this land for recreational use, wildlife habitat, and timber production.

State law provides for the following payments on behalf of county forests: (1) the DNR must pay \$0.30 per acre annually to the municipality in which such land is located, (2) a county board may annually request an interest-free loan of up to \$0.50 per acre to purchase, preserve, or maintain its county forests, and (3) when timber on county forest land is harvested, the county must pay 20% of the proceeds to the DNR as long as unpaid loans are outstanding (otherwise there is no payment to the DNR). An additional 10% must be paid to the municipalities with county forest land based on their proportion of the acreage in the county forest; however, the county may pay a higher percentage if they choose to do so. The county retains the remaining proceeds (usually 70%) are retained by the county. For payments in 1998, county proceeds from timber sales ranged from \$1.85 to \$17.46 per acre. The average payment to municipalities in 1998 was \$0.70 per acre.

**Tax Impact:** To illustrate the effect of county forest land on property taxes, a hypothetical 200-acre purchase in the Town of Niagara in Marinette County is discussed below. The analysis assumes: (1) public service costs do not change, (2) the total value of the land is \$120,000 or \$600 per acre (the same as taxable forest land in the town in 1998), (3) the town receives the \$0.30 per acre payment from DNR plus \$0.70 per acre (the state average) in forest proceeds from the county; and (4) the county's proceeds from timber harvests increases by \$7.00 per acre for the 200-acre acquisition, with 20% (\$1.40) paid to the state and 10% (\$0.70) paid to the town, leaving \$4.90 per acre retained by the county. The effect on property tax rates for 1998/99 is summarized below and in Table 2.

The tax levy and tax rate changes are:

(1) **Town of Niagara:** The town's revenues increase by \$405, consisting of a \$60 (\$0.30 X 200) increase in DNR payments for county forest land, a \$140 (\$0.70 X 200) increase in county payments for forest harvests, and a \$205 increase in state shared revenue. The town's tax rate thus declines by \$0.0071 per \$1,000 full value.

(2) **Marinette County:** County revenues increase by \$980 (\$4.90 X 200) due to the additional proceeds from county forest harvesting. State shared revenues do not change because the county receives minimum payments. The county's tax rate declines by \$0.0002 per \$1,000 full value.

(3) **Niagara Schools:** Because of the decreased tax base, the Niagara School District receives an additional \$1,791 in state school equalization aids. The additional aid does not fully offset the effect of the decrease in taxable value, leading to an increase in the school tax rate of \$0.0006 per \$1,000 full value.

(4) **Northeast Wisconsin Technical College:** The district's tax rate does not change because the value decrease of \$120,000 is insignificant to the district's total tax base of about \$19 billion.

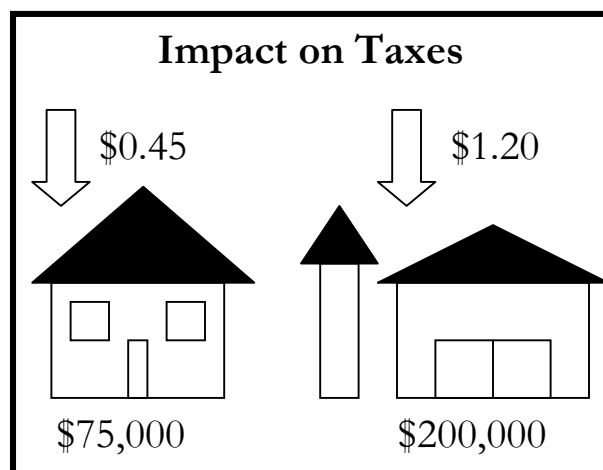
(5) **State of Wisconsin:** The tax rate is set by law at \$0.20 per \$1,000 full value.

(6) **State Tax Credit:** The credit declines by \$342 due to the decrease in school levies; however, the credit rate does not change.

### County Forest Impact on Revenues:

Town of Niagara	\$405
Marinette County	\$980
Niagara Schools	\$1,791

In total, the net tax rate decreases by \$0.0060 per \$1,000 full value. The owner of a \$75,000 home would see a tax reduction of \$0.45 on a tax bill of \$1,619 while the owner of a \$200,000 farm would see a tax reduction of \$1.20 on a tax bill of \$4,318. Thus, despite reducing the tax base, the purchase of county forest land results in a *small decrease* in the taxes paid by property owners in the town.



**Table 2. Effect of County Forest Land Purchase in the Town of Niagara, Marinette County.**

<b>Taxing Jurisdiction</b>	<b>Before Purchase</b>	<b>After Purchase</b>	<b>Change</b>
Town of Niagara:			
Tax Levy	\$ 54,000	\$ 53,595	\$ -405
Full Value	\$31,297,500	\$31,177,500	\$ -120,000
Tax Rate (\$ per \$1,000)	1.7254	1.7190	-0.0064
Marinette County:			
Tax Levy	\$ 9,815,944	\$ 9,814,964	\$ -980
Full Value	\$1,684,517,400	\$1,684,397,400	\$ -120,000
Tax Rate (\$ per \$1,000)	5.8272	5.8270	-0.0002
Niagara Schools:			
Tax Levy	\$ 1,300,835	\$ 1,299,044	\$ -1,791
Full Value	\$ 84,512,900	\$ 84,392,900	\$ -120,000
Tax Rate (\$ per \$1,000)	15.3922	15.3928	0.0006
Northeast WI Technical College:			
Tax Levy	\$ 24,706,141	\$ 24,706,141	\$ 0
Full Value	\$19,008,818,035	\$19,008,698,035	\$ 0
Tax Rate (\$ per \$1,000)	1.2997	1.2997	0.0000
State of Wisconsin:			
Tax Rate (\$ per \$1,000)	0.2000	0.2000	0.0000
State Tax Credit:			
Amount	\$89,253	\$88,911	\$ -342
Town Full Value	\$31,297,500	\$ 31,177,500	\$ -120,000
Credit rate (\$ per \$1,000)	-2.8518	-2.8518	-0.0000
<b>Total Net Rate (\$ per \$1,000)</b>	<b>21.5927</b>	<b>21.5867</b>	<b>-0.0060</b>

*Trumpeter swans.*

## Forest Crop Law

The Forest Crop Law (FCL) program was enacted in 1927 after state voters approved an amendment to the state constitution's "uniformity in taxation" clause that created an exception for forest land. Unlike land in county forests, land under the FCL remains in private ownership. As of January 1999, about 520,000 acres in 67 counties and 737 municipalities were enrolled under the FCL.

Under the FCL, land is taxed at a constant annual rate while timber is taxed only when cut or harvested. It was hoped that such a tax system would reduce tax delinquency on forest land, stabilize local government receipts, encourage private forestry, and provide a steady supply of forest products.

The FCL allowed the owner of a complete quarter-quarter section (typically 40 acres) to petition the DNR to enroll that land in the program. If the DNR determined that forestry was the best use for that land and that there was reasonable assurance a stand of merchantable timber would be produced within a reasonable period of time, the land was accepted into the program. The landowner signed a contract running for 25 or 50 years (at the owner's option) with the DNR to follow the program's guidelines. These guidelines include opening the land for hunting and fishing, practicing forestry on the land, and notifying the DNR of planned timber harvests. Landowners who do not comply with the contract are subject to substantial withdrawal penalties.

With enactment of the Managed Forest Land (MFL) program in 1985, the FCL was closed to new land entries as of January 1, 1986. Because many landowners signed 50-year contracts, assuming no conversion of FCL land to other forest programs, the last FCL contracts will expire in the year 2035.

Land under the FCL is exempt from general property taxes. Owners of FCL land and the DNR must make certain payments to local governments to help make up for the loss in tax revenues and tax base. These payments include:

### **Acreage Share Payment:**

This is an annual payment. On land entered before 1972, the owner pays the municipality \$0.10 per acre. On land entered under a special provision (in effect from 1949 to 1963 for land in areas outside DNR fire control boundaries), the owner pays the municipality \$0.20 per acre. On land entered after 1972, the owner pays the municipality \$0.83 per acre. The payment for land entered after 1972 is recalculated every 10 years, with the next revision due for payments billed in 2003. The municipality must remit 20% of these payments to the county.

### **State Contribution:**

This is an annual payment. The DNR pays the municipality \$0.20 per acre (except no payment is made for land entered under the special provision). The municipality must remit 20% of the state contribution to the county.



**Severance Tax:**

Each year, the DNR holds public hearings to establish reasonable values for timber in the various forest regions of the state. When timber on FCL land is harvested, its value is estimated by multiplying the volume of the timber cut by the value determined by the DNR through these public hearings. A severance tax of 10% of the value of the harvested timber is imposed (except on special provision land where no severance tax is imposed). From the severance taxes collected, the DNR retains an amount equal to the sum of the annual \$0.20 per acre payments it has previously made for the parcel. The balance, if any, is paid to the municipality where the land was located, which must remit 20% to the county. In 1998, total FCL severance taxes collected by the DNR divided by total FCL acres (as of January 1998) was about \$0.82 per acre. After deducting the DNR's recovery of its annual payments and the 20% share paid to counties, the amount retained by municipalities averaged about \$0.49 per acre.

**Withdrawal Penalty:**

If an owner of FCL chooses to withdraw from the program or the DNR finds the owner has not complied with the contract, the owner becomes subject to a withdrawal penalty. The penalty equals the difference, for each year of the contract, between the property taxes that would have been levied on the land and any FCL payments (acreage share and severance taxes) actually paid. Each year's difference is subject to simple interest at 12% per year (5% for pre-1977 contracts) for each year the tax has been deferred. From the total withdrawal penalty, the DNR retains an amount equal to its unrecovered annual \$0.20 per acre payments plus interest (as per above). The balance is paid to the municipality, which must remit 20% of the proceeds to the county. In 1998, withdrawal penalties were

paid on about 4,200 acres of FCL land. The average penalty was \$185 per acre withdrawn. After recovery of DNR payments and the 20% county share, the amount received by municipalities averaged \$140 per acre withdrawn.

**Termination Payment:**

When the FCL contract expires and the land is not enrolled under the MFL program, a payment of 10% of the value of merchantable timber on the land is to be paid to the DNR. As with the severance payment, the DNR retains an amount equal to the sum of the annual \$0.20 per acre payments it has made for the parcel. The balance, if any, is paid to the municipality, which must remit 20% to the county. In 1998, termination payments were made on about 4,600 acres. The average payment was \$25 per acre terminated. After recovery of DNR payments and the 20% county share, the amount retained by towns averaged about \$19 per acre.

**Tax Impact:**

The tax impact of enrolling land under the FCL program is not analyzed since the program is closed to new entries.



*Guided nature walk at the Northern Highlands State Forest.*

## Woodland Tax Law

The Woodland Tax Law (WTL) was enacted in 1954 to extend the benefits of the Forest Crop Law (FCL) to owners of small forest parcels. Like land under the FCL, land enrolled under the WTL remains in private ownership and is exempt from general property taxes. As of January 2000, WTL land covered about 55,500 acres located in 70 counties and 671 municipalities.

With enactment of the Managed Forest Land program in 1985, the WTL was closed to new land entries as of January 1, 1986. Because WTL contracts were for 15 years, the last WTL contracts will expire at the end of the year 2000.

Under the WTL, the owner of a forest parcel of at least 10 acres, but less than a complete quarter-quarter section, could petition the DNR to enroll that land in the program. If the DNR determined that the land was suitable for growing timber and not more suitable for other purposes, the land was entered into the program. The landowner signed a 15-year contract with the DNR to follow a forest management program. Unlike FCL contracts, WTL contracts do not require the enrolled land to be open for hunting and fishing and there is no severance tax when timber is harvested. Landowners who do not comply with the contract are subject to a withdrawal penalty.

Woodland Tax Law lands will expire at the end of December, 2000. From that point on, lands under the forest tax laws will be either Managed Forest or Forest Crop Law lands.

### Tax Impact:

The tax impact of enrolling land under the WTL program is not analyzed since the program is closed to new entries.



*Eagle perched on a standing dead tree.*

## Managed Forest Land Law

The Managed Forest Land (MFL) law was enacted in 1985 to replace both the FCL and WTL laws. Like land under the FCL and WTL, land enrolled under the MFL program is exempt from general property taxes. In 1997, about 1.08 million acres in 71 counties and 1,269 municipalities was enrolled under the MFL.

An owner of 10 or more contiguous acres of forest land may apply to the DNR to enroll the land in the MFL program. The application is for 25 or 50 years and must include a forestry management plan demonstrating the owner's commitment to use the land for forestry purposes. At least 80% of the acreage must be capable of producing a minimum of 20 cubic feet of merchantable timber per acre per year. If the DNR finds the land qualifies and approves the management plan, the land is accepted into the MFL program. Landowners who do not follow the contract are subject to penalties.

Land enrolled under the MFL is generally open to the public for hunting, fishing, and other recreational purposes. However, since public access was one of the key factors limiting participation in the FCL, the MFL law allows an owner to close to public access up to 80 acres in each municipality where he or she has MFL land. However, the owner's annual payments for closed acres are higher than for open acres.

To help local governments make up for the loss in tax base, state law requires certain payments be made on behalf of MFL land. These payments include:

### **Acreage Share Payment:**

Annually, an owner of land under the MFL program must pay \$0.74 per acre to the municipality, which must forward 20% of this payment to the county. An owner of land closed to public access must pay, in addition, a closure fee of \$1.00 per acre to the municipality, which remits the entire amount to the DNR. Both payments are recalculated every 5 years, with the next revision due for bills sent in December 2003.

### **State Contribution:**

The DNR annually pays municipalities \$0.20 per acre for land in the MFL program. Municipalities must remit 20% of the state contribution to the county.

### **Yield Tax:**

Timber values are determined in the same manner as under the FCL. When MFL timber is cut, a yield tax equal to 5% of the value of the timber harvested is imposed. The DNR retains half of the proceeds, and remits the other half to the municipality in which the timber was harvested. The municipality must remit 20% of its yield tax proceeds to the county. In 1998, the total yield tax for all acres entered under the MFL averaged about \$0.29 per acre; of the amount remitted to municipalities, the average retained by them was about \$0.12 per acre.

### **Withdrawal Penalty:**

Land can be withdrawn from the program at the owner's option or if the DNR finds the owner has not complied with the contract. The withdrawal penalty is the higher of (a) the real estate taxes that would have been levied on the land during the years it was enrolled minus acreage share and yield taxes actually paid or (b) 5% of the value of merchantable timber on the land. The DNR retains 50% of any withdrawal penalty and remits the other half to the municipality, which must remit

20% to the county. In 1997, withdrawal penalties were paid on 7,278 acres of MFL land. The average total penalty was \$47 per acre withdrawn; the average proceeds retained by municipalities was about \$19 per acre withdrawn.

### **Tax Impact:**

To illustrate the effect of MFL land on property taxes, a hypothetical enrollment of 100 acres under the MFL in the Town of Moundville in Marquette County is discussed below. The analysis assumes: (1) public service costs do not change, (2) the total value of the land is \$65,700, or \$657 per acre (the same as taxable forest land in the town in 1998), and (3) the town receives \$0.74 per acre from the land owner's acreage share payment plus \$0.20 per acre from the DNR for the state contribution, for a total for the 100 acres of \$94, of which \$75 was retained by the town and \$19 remitted to the county. The effect on property tax rates for 1998/99 is summarized below and in Table 3.

The tax levy and tax rate changes are:

#### **(1) Town of Moundville:**

The town's revenues increase by \$163, consisting of its 80% share of the combined acreage share and state contribution payments plus a \$88 increase in state shared revenue. The town's tax rate thus declines by \$0.0049 per \$1,000 full value.

### **MFL Impact on Revenues:**

Marquette County	\$19
------------------	------

Town of Moundville	\$163
--------------------	-------

Portage Schools	\$571
-----------------	-------

#### **(2) Marquette County:**

County revenues increase by \$19 from its 20% share of the combined acreage share and state contribution payments. State shared revenues do not change because the county receives minimum payments. The county's tax rate increases by \$0.0006 per \$1,000 full value.

#### **(3) Portage Schools:**

Because of the decreased tax base, the Portage School District receives an additional \$571 in state school equalization aids. The additional aid does not fully offset the effect of the decrease in taxable value, leading to an increase in the school tax rate of \$0.0001 per \$1,000 full value.

#### **(4) Madison Area Technical College:**

The district's tax rate does not change because the value decrease of \$65,700 is insignificant to the district's total tax base of \$33 billion.

#### **(5) State of Wisconsin:**

The tax rate is set by law at \$0.20 per \$1,000 full value.

#### **(6) State Tax Credit:**

The credit declines by \$111 due to the decrease in school levies; however, the credit rate does not change.



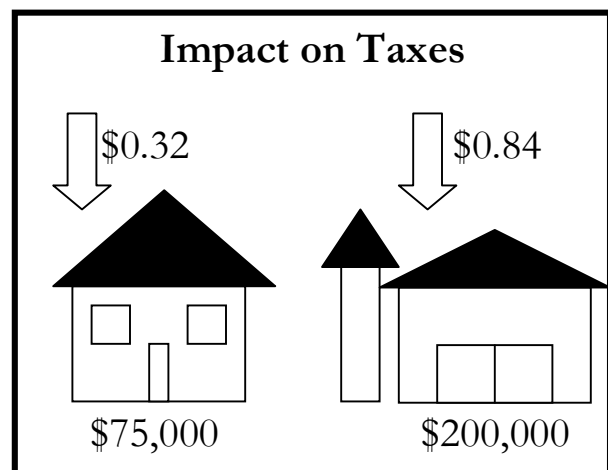
*After the harvest: Marking sold timber.*

**Table 3. Effect of Managed Forest Land Enrollment in the Town of Moundville, Marquette County.**

<b>Taxing Jurisdiction</b>	<b>Before Enrollment</b>	<b>After Enrollment</b>	<b>Change</b>
Town of Moundville:			
Tax Levy	\$ 20,000	\$ 19,837	\$ -163
Full Value	\$19,248,500	\$19,182,800	\$ -65,700
Tax Rate (\$ per \$1,000)	1.0390	1.0341	-0.0049
Marquette County:			
Tax Levy	\$ 5,646,578	\$ 5,646,559	\$ -19
Full Value	\$771,077,100	\$771,011,400	\$ -65,700
Tax Rate (\$ per \$1,000)	7.3230	7.3236	0.0006
Portage Schools:			
Tax Levy	\$6,367,297	\$6,366,726	\$ -571
Full Value	\$654,581,015	\$654,515,315	\$ -65,700
Tax Rate (\$ per \$1,000)	9.7273	9.7274	0.0001
Madison Area Technical College:			
Tax Levy	\$49,293,415	\$49,293,415	\$ 0
Full Value	\$33,304,182,009	\$33,304,116,309	\$ -65,700
Tax Rate (\$ per \$1,000)	1.4800	1.4800	0.0000
State of Wisconsin:			
Tax Rate (\$ per \$1,000)	0.2000	0.2000	0.0000
State Tax Credit:			
Amount	\$ 32,249	\$ 32,318	\$ -111
Town Full Value	\$19,248,500	\$19,182,800	\$ -65,700
Credit Rate (\$ per 1,000)	-1.6848	-1.6848	0.0000
<b>Total Net Rate (\$ per \$1,000)</b>	<b>18.0845</b>	<b>18.0803</b>	<b>-0.0042</b>

In total, the net tax rate decreases by \$0.0042 per \$1,000 full value. The owner of a \$75,000 home would see a tax reduction of \$0.32 on a tax bill of \$1,356 while the owner of a \$200,000 farm would see a tax reduction of \$0.84 on a tax bill of \$3,620.

Thus, despite reducing the tax base, the enrollment of land in the Managed Forest Land program results in a *small decrease* in the taxes paid by property owners in the town.



## Department of Natural Resources Land

The Department of Natural Resources (DNR) makes payments in-lieu of taxes for state forests, parks, hunting grounds, fish hatcheries and game farms, wildlife preservation areas, recreation areas, and natural areas. The computation of the in-lieu of tax payment depends on when the DNR purchased the land.

### Land Purchased Before July 1, 1969:

As of April 1998, land in this group consisted of about 896,000 acres located in 70 counties and 633 municipalities; the DNR makes a uniform per acre payment. Payments from 1964 to 1975 were \$0.30 per acre. Payments were subsequently increased to \$0.50 per acre for 1976 to 1987, \$0.80 per acre for 1988 to 1997, and \$0.88 per acre beginning in 1998. The payment is made to municipalities on or about April 20. Municipalities retain the entire payment.

### Land Purchased Between July 1, 1969 and December 31, 1991:

As of April 1998, land in this group consisted of about 346,000 acres in 71 counties and 769 municipalities; the DNR uses a declining 10-year payment formula. In the first year of DNR ownership, the payment equaled the property tax levy that would have been paid if the land had remained taxable. The payment in the second year is 90% of the first year's payment, in the third year it is 80% of the first year's payment, and so on so that payments in the tenth and subsequent years is 10% of the first year's payment. However, the payment may not be less than \$0.50 per acre. The payment is made to municipalities on or about April 20 each year. Municipalities retain the entire payment.



### Land Purchased After December 31, 1991:

As of April 1998, land in this group consisted of about 65,000 acres in 68 counties and 451 municipalities. DNR payments are calculated under a tax equivalency formula meant to replace the property taxes that would have been levied had the property remained on the tax roll. The payment works as follows:

In the year the DNR buys land, the property tax levy is prorated between the seller and DNR based on the number of days each owns the property. The total tax due is paid by January 31 of the following year, the normal due date for property tax payments. By February 15, the municipality must pay each taxing jurisdiction its share of the payment. The price paid by the DNR becomes the base for calculating *estimated value* for calculating future years' payments.

In the following year, the estimated value is adjusted to reflect the percentage change in the equalized value of land from the prior year in the municipality where the land is located. The adjusted estimated value is multiplied by the net tax rate in the municipality. The DNR pays this amount to the municipality by January 31 of the following year. By February 15, the municipality must pay each taxing jurisdiction its share of the proceeds. Payments in subsequent years are made in the same manner, with a new estimated value and net tax rate determined each year.

**Tax Impact:**

To illustrate the effect of DNR land purchases on property taxes, a hypothetical purchase of 100 acres of forest land in the Town of Richwood in Richland County is discussed below. The analysis assumes: (1) public service costs do not change, (2) the estimated value of the land is \$69,400, or \$694 per acre (the same as taxable forest land in the town in 1998), and (3) the DNR payment is allocated as follows: Town of Richwood, \$188; Richland County, \$493; Riverdale School District, \$804; Southwestern Wisconsin Technical College, \$108; and State of Wisconsin, \$13. The effect on property tax rates for 1998/99 is summarized below and in Table 4.

The tax levy and tax rate changes are:

**(1) Town of Richwood:**

The town's revenues increase by \$417, consisting of its \$188 share of the DNR payment plus a \$229 increase in state shared revenue. The town's tax rate thus declines by \$0.0096 per \$1,000 full value.

**(2) Richland County:**

County revenues increase by \$493 from its share of the DNR payment. State shared revenues do not change because the county's payment is at the maximum. The county's tax rate increases by \$0.0001 per \$1,000 full value.

**(3) Riverdale Schools:**

The Riverdale School District's share of the DNR payment is \$804. Although the district's shared costs decline by this amount, the effect of the decrease in the tax base outweighs this, resulting in an increase of \$439 in state school equalization aids. The levy therefore decreases by \$1,243 and the tax rate decreases by \$0.0023 per \$1,000 full value.

**(4) Southwestern Wisconsin Technical College:**

The district's tax rate does not change because the levy decrease due to the district's \$108

share of the DNR payment and the tax base decrease of \$69,400 are both insignificant in a district with a total tax base of \$4 billion.

**(5) State of Wisconsin:**

The tax rate is set by law at \$0.20 per \$1,000 full value.

**(6) State Tax Credit:**

The credit declines by \$165 due to the decrease in school levies; however, the credit rate does not change.

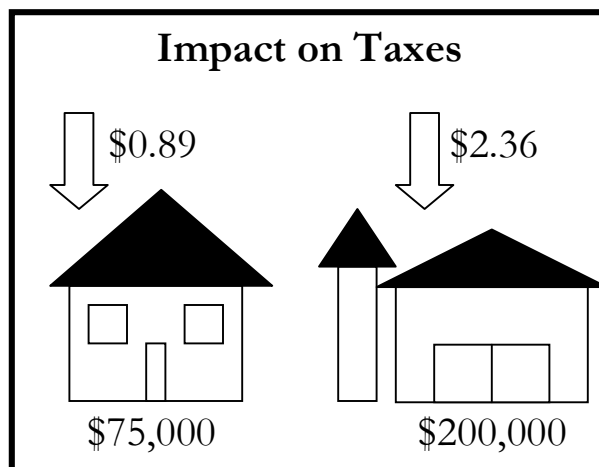
**DNR Land Impact on Revenue:**

Town of Richwood	\$417
------------------	-------

Richland County	\$493
-----------------	-------

Riverdale Schools	\$804
-------------------	-------

In total, the net tax rate decreases by \$0.0118 per \$1,000 full value. The owner of a \$75,000 home would see a tax reduction of \$0.89 on a tax bill of \$1,731 while the owner of a \$200,000 farm would see a tax reduction of \$2.36 on a tax bill of \$4,617. Thus, despite reducing the tax base, the purchase of land by DNR results in a *small decrease* in the taxes paid by property owners in the town.



**Table 4. Effect of DNR Land Purchase in the Town of Richwood, Richland County.**

<b>Taxing Jurisdiction</b>	<b>Before Purchase</b>	<b>After Purchase</b>	<b>Change</b>
Town of Richwood			
Tax Levy	\$65,000	\$64,583	\$ -417
Full Value	\$21,813,400	\$21,744,000	\$ -69,400
Tax Rate (\$ per \$1,000)	2.9798	2.9702	-0.0096
Richland County:			
Tax Levy	\$4,366,546	\$4,366,053	\$ -493
Full Value	\$560,095,500	\$560,026,100	\$ -69,400
Tax Rate (\$ per \$1,000)	7.7961	7.7962	0.0001
Riverdale Schools:			
Tax Levy	\$2,026,776	\$2,025,533	\$ 1,243
Full Value	\$158,659,376	\$158,589,976	\$ -69,400
Tax Rate (\$ per \$1,000)	12.7744	12.7721	-0.0023
Southwestern WI Technical College:			
Tax Levy	\$7,130,296	\$7,130,188	\$ -108
Full Value	\$4,162,197,549	\$4,162,128,149	\$ -69,400
Tax Rate (\$ per \$1,000)	1.7131	1.7131	0.0000
State of Wisconsin:			
Tax Rate (\$ per \$1,000)	0.2000	0.2000	0.0000
State Tax Credit			
Amount	\$51,851	\$51,686	\$ -165
Town Full Value	\$21,813,400	\$21,744,000	\$ -69,400
Credit Rate (\$ per \$1,000)	-2.3770	-2.3770	0.0000
<b>Total Net Rate (\$ per \$1,000)</b>	<b>23.0864</b>	<b>23.0746</b>	<b>-0.0118</b>

*Wisconsin's State Capitol in Madison (special effects created using a fisheye lens).*



## Federal Public Land Programs

Federal law directs that Payments In-Lieu of Property Taxes (PILT) be made for many types of federal-owned land. Certain federal agencies must make additional payments related to the value of their land or the income produced by such land. In Wisconsin, the Army Corps of Engineers, the Defense Department, the Fish and Wildlife Service, and the Forest Service make these additional payments.

Another federal program, Impact Area Aid, provides payments to school districts with substantial federal land holdings or significant numbers of students residing on federal property. A summary of the federal in-lieu of tax payments is shown on Appendix Table 2.

### Payments In-Lieu of Taxes

In 1997, about 1.35 million acres of land in 62 counties qualified for federal PILT payments. A count of the number of municipalities with eligible land is unavailable since the data are kept on a county basis only. PILT payments are distributed by the Department of Interior's Bureau of Land Management (BLM). Wisconsin has exercised an option in the law under which the BLM remits the PILT to the state. The state, via the DNR, is then responsible for distributing these funds to the appropriate local government.

#### **Eligible Land:**

Federal law requires PILT payments be made on several types of *entitlement land*. For Wisconsin, entitlement land includes:

(1) National Park Service land, (2) National Forest Service land, (3) land managed by the BLM, (4) land dedicated for use in water resource development projects, (5) land owned by the U. S. Fish and Wildlife Service that was withdrawn from the public domain, and (6) certain semi-active or inactive military installations, such as Fort McCoy, held in reserve for mobilization or reserve training purposes. Land in military ownership currently or formerly used for industrial purposes (such as the Badger Ammunition Plant facility) does not qualify for PILT payments. Land which was acquired from state or local governments and which was tax-exempt when acquired also does not qualify for PILT payments.

#### **Regular Payment:**

The BLM calculates payments on a county basis, using the total number of eligible acres in a county. For payments to Wisconsin in 1998, the payment was the greater of \$1.59 per acre less the prior year's forest income payment (discussed later) or \$0.22 per acre. However, since the appropriation for PILT payments was insufficient to pay full amounts, payments were prorated at 45.6% of the calculated amount. In addition, a payment is not made if the prorated amount is less than \$100. Of the 62 counties with eligible land, 27 received a PILT payment in 1998.

Under state law, the DNR distributes the PILT payments for National Forest land to each municipality with such land based on its percentage of the county's total (eligible and other) National Forest acreage. For all other federal land, the DNR distributes the payment to the county.

**Special Payment:**

If the National Park Service acquires land that was taxable when purchased, the BLM calculates a payment equal to 1% of the land's fair market value (as determined by an approved appraiser) for the first five years after acquisition.

In 1998, four counties in Wisconsin received such payments. Since this payment is made from the same appropriation as regular PILT payments, it is prorated at the same rate. The DNR distributes this payment to the county.

**Payment Totals:**

The PILT and special payment for Wisconsin in 1998 totaled to about \$279,000, or about \$0.21 per eligible acre. The payment attributable to National Forest land and paid to municipalities was about \$176,100, or about \$0.15 per "eligible" acre (\$0.12 per acre on the basis of all National Forest land).

The payment attributable to other federal land and paid to counties was about \$102,900, resulting in an average payment of about \$0.74 per "eligible" acre.

**Tax Impact:**

To illustrate how federal land purchases and PILT payments affect property taxes, a hypothetical purchase by the National Park Service of 100 acres of forest land in the Town of Lenroot in Sawyer County is discussed below. The analysis assumes:

(1) public service costs do not change, (2) the estimated value of the land is \$51,600, or \$516 per acre, the same as taxable forest land in the town in 1998, and (3) the special Payment In-Lieu of Taxes is prorated at 45.6%, as are other federal PILT payments. The effect on property tax rates for 1998/99 is summarized below and in Table 5.

The tax levy and tax rate changes are:

**(1) Town of Lenroot:**

The town's revenues do not change because it receives no federal PILT payment and because its state shared revenues do not change (due to the town's high per capita value). The town's tax rate thus increases by \$0.0008 per \$1,000 full value.

**(2) Sawyer County:**

County revenues increase by \$256 as a result of the prorated PILT payment for the purchased land. State shared revenues do not change because the county receives minimum payments. The county's tax rate remains unchanged.

**(3) Hayward Schools:**

Because of the decreased tax base, the Hayward School District receives an additional \$415 in state school equalization aids. This is sufficient to fully offset the decrease in the tax base, resulting in no change in the tax rate.

**(4) WI Indianhead Technical College:**

The district's tax rate does not change because the tax base decrease of \$51,600 is insignificant in a total tax base nearly \$19 billion.

**(5) State of Wisconsin:**

The tax rate is set by law at \$0.20 per \$1,000 full value.

**(6) State Tax Credit:**

The credit declines by \$63 due to the decrease in school levies; however, the credit rate does not change.

**General PILT Impact on Revenue:**

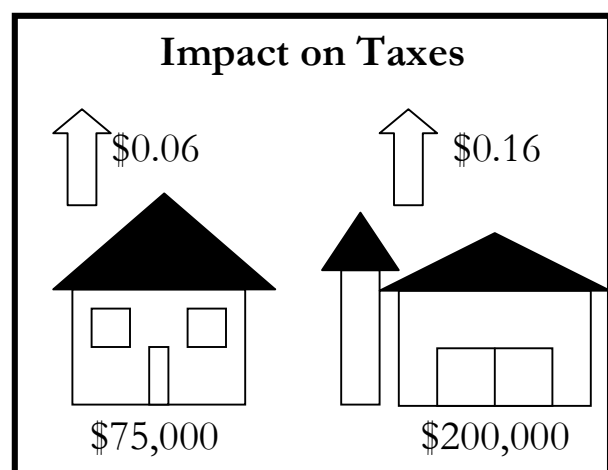
Town of Lenroot	\$0
Sawyer County	\$256
Hayward Schools	\$415

**Table 5. Effect of National Park Service Land Purchase in the Town of Lenroot, Sawyer County.**

<b>Taxing Jurisdiction</b>	<b>Before Purchase</b>	<b>After Purchase</b>	<b>Change</b>
Town of Lenroot:			
Tax Levy	\$114,341	\$114,341	\$ 0
Full Value	\$86,995,200	\$86,943,600	\$ -51,600
Tax Rate (\$ per \$1,000)	1.3143	1.3151	0.0008
Sawyer County:			
Tax Levy	\$5,732,124	\$5,731,868	\$ -256
Full Value	\$1,316,844,300	\$1,316,792,700	\$ -51,600
Tax Rate (\$ per \$1,000)	4.3529	4.3529	0.0000
Hayward Schools:			
Tax Levy	\$8,568,713	\$8,569,298	\$ -415
Full Value	\$1,100,264,976	\$1,100,213,376	\$ -51,600
Tax Rate (\$ per \$1,000)	7.7879	7.7879	0.0000
WI Indianhead Technical College:			
Tax Levy	\$18,955,751	\$18,955,751	\$ 0
Full Value	\$12,655,763,018	\$12,655,711,418	\$ -51,600
Tax Rate (\$ per \$1,000)	1.4978	1.4978	0.0000
State of Wisconsin:			
Tax Rate (\$ per \$1,000)	0.2000	0.2000	0.0000
State Tax Credit:			
Amount	\$105,832	\$105,769	\$ -63
Town Full Value	\$86,995,200	\$86,943,600	\$ -51,600
Credit Rate (\$ per \$1,000)	-1.2165	-1.2165	0.0000
<b>Total Net Rate (\$ per \$1,000)</b>	<b>13.9364</b>	<b>13.9372</b>	<b>0.0008</b>

In total, the net tax rate increases by \$0.0008 per \$1,000 full value. The owner of a \$75,000 home would see a tax increase of \$0.06 on a tax bill of \$1,045 while the owner of a \$200,000 farm would see a tax increase of \$0.16 on a tax bill of \$2,787.

Thus, the small reduction in the tax base results in a *small increase* in the taxes paid by property owners in the town.



## Army Corps of Engineers

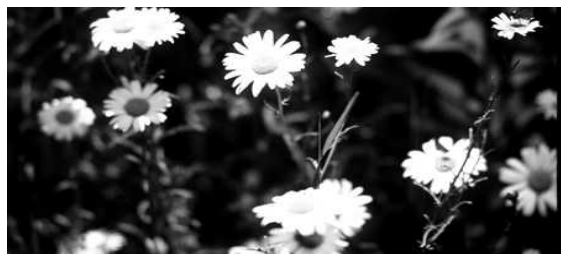
### Eligible Land:

Land owned by the U. S. Army Corps of Engineers (ACE) qualifies for a special payment under the Flood Control Act of 1954 as well as general PILT payments. In 1998, 40,007 acres of ACE land in 17 counties in Wisconsin qualified for PILT payments. Most of this land is located along the Mississippi River.

### Payment:

Under provisions of the Flood Control Act of 1954, ACE is required to annually pay 75% of the money it receives from leasing land acquired for flood control, navigation, hydroelectric power, and related purposes to the state in which such land is located. States are required to distribute these funds to the counties in which the ACE land is located.

In Wisconsin, ACE payments are sent to the State Board of Commissioners of Public Land, which under state law is required to remit these funds to counties within 30 days. In 1998, total payments were about \$55,000. Of the 17 counties with ACE land, 9 received no payment because there were no receipts from ACE land in those counties. For the other 8, payments averaged \$1.38 per acre. Payments can be as high as \$70 per acre (in counties on the Great Lakes or Fox River) or as low as \$0.08 per acre (in counties on the Mississippi River with little revenue generating activity).



## Fish and Wildlife Service

### Eligible Land:

Land purchased by the Fish and Wildlife Service (FWS) from the public domain is called *reserve* land. Land that was not in the public domain when purchased by FWS is called *fee* land. Both types of land qualify for the special payments discussed in this section. However, only reserve land qualifies for the federal PILT payment. Based on data used to calculate 1998 payments, the FWS owns 136,365 acres of land in Wisconsin, consisting of 721 acres of reserve land and 134,644 acres of fee land. This land was located in 29 counties and 88 municipalities.

### Payment:

Under provisions of the Refuge Revenue Sharing Act of 1935, as amended, the FWS is required to make the following payments:

(1) On reserve land, 25% of the net receipts (gross receipts less necessary expenses) from sales of products from the land in any fiscal year. (2) On fee land, the greatest of 25% of net receipts, \$0.75 per acre, or 0.75% of fair market value (with reappraisals at market value once every 5 years). Payments based on net receipts are made in full, but the other payments are prorated if appropriations are insufficient to pay full entitlements. Federal law requires the FWS to make these payments to the governmental unit that is the primary collector of real property taxes. In Wisconsin, these payments are therefore made to municipalities. Federal law also requires that the payment be shared with the other taxing jurisdictions that could have taxed the land.

FWS payments in Wisconsin in 1998 totaled \$277,922. For the 721 reserve acres, FWS made no payments because there were no net receipts from these lands (however, a PILT

payment for these lands was made). For the fee acres, since the appropriation was insufficient to pay full entitlements, actual payments were prorated at about 66.4%. For the 92 fee acres at the FWS research facilities (the National Wildlife Health Laboratory in the City of Madison and the National Fish Health Center in the City of La Crosse and the Town of Campbell), the total payment was \$14,605, or about \$159 per acre. For the remaining 135,460 fee acres, the total payment was \$263,317, or about \$1.93 per acre. For individual municipalities, the per acre payment ranged from \$0.50 to \$19.79.

#### **Tax Impact:**

To illustrate how FWS land acquisitions and special payments affect property taxes, a hypothetical purchase of 100 acres of wetland in the Town of Oakfield in Fond du Lac County is discussed. The analysis assumes:

(1) public service costs do not change, (2) the estimated value of the land is \$36,100, or \$361 per acre (the same as taxable swamp and waste land in the town in 1998), and (3) the special FWS payment, prorated at 66.4%, comes to about \$181 and is distributed by the town as follows: Town of Oakfield, \$26; Fond du Lac County, \$37; Oakfield Schools, \$104; Moraine Park Technical College, \$12; and State of Wisconsin, \$2. The effect on property tax rates for 1998/99 is summarized below and in Table 6.

The tax levy and tax rate changes are:

#### **(1) Town of Oakfield:**

The town's revenue increase by \$119, consisting of its \$26 share of the FWS payment and an increase in state shared

revenues of \$93. The revenue increase causes the tax rate to decrease by \$0.0001 per \$1,000 full value.

#### **(2) Fond du Lac County:**

County revenues increase by its \$37 share of the FWS payment. State shared revenues do not change because the county receives minimum payments. The county's tax rate remains unchanged.

#### **(3) Oakfield Schools:**

The Oakfield School District's share of the FWS payment is \$104. Although the district's shared costs decline by this amount, the effect of the decrease in the tax base outweighs this, resulting in an increase of \$367 in state school equalization aids. The levy therefore decreases by \$471. The FWS payment and state aid increase offset the effect of the decrease in the tax base, and the school's tax rate does not change.

#### **(4) Moraine Park Technical College:**

The district's \$12 share of the FWS payment and a decrease in the tax base of \$36,100 is insignificant in a district with a total tax base of nearly \$13 billion.

#### **(5) State of Wisconsin:**

The tax rate is set by law at \$0.20 per \$1,000 full value.

#### **(6) State Tax Credit:**

The credit declines by \$69 due to the decrease in school levies; however, the credit rate does not change.

### **FWS Land Impact on Revenue:**

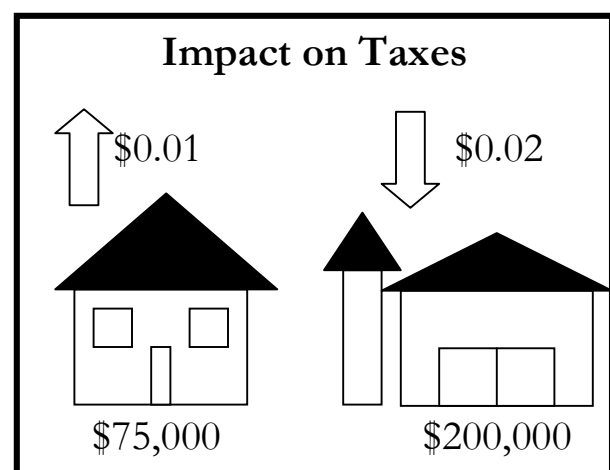
Fond du Lac County	\$37
Oakfield Schools	\$104
Town of Oakfield	\$119

**Table 6. Effect of Fish and Wildlife Land Purchase in the Town of Oakfield, Fond du Lac County.**

<b>Taxing Jurisdiction</b>	<b>Before Purchase</b>	<b>After Purchase</b>	<b>Change</b>
Town of Oakfield:			
Tax Levy	\$119,120	\$119,001	\$ -119
Full Value	\$37,802,200	\$37,766,100	\$ -36,100
Tax Rate (\$ per \$1,000)	3.1511	3.1510	-0.0001
Fond du Lac County:			
Tax Levy	\$17,761,424	\$17,761,387	\$ -37
Full Value	\$4,071,358,100	\$4,071,322,000	\$ -36,100
Tax Rate (\$ per \$1,000)	4.3625	4.3625	0.0000
Oakfield Schools:			
Tax Levy	\$1,687,690	\$1,687,219	\$ -471
Full Value	\$131,580,110	\$131,544,010	\$ -36,100
Tax Rate (\$ per \$1,000)	12.8263	12.8263	-0.0000
Moraine Park Technical College:			
Tax Levy	\$18,952,702	\$18,952,690	\$ -12
Full Value	\$13,293,229,873	\$13,293,193,773	\$ -36,100
Tax Rate (\$ per \$1,000)	1.4257	1.4257	0.0000
State of Wisconsin:			
Tax Rate (\$ per \$1,000)	0.2000	0.2000	0.0000
State Tax Credit:			
Amount	\$71,963	\$71,894	\$ -69
Village Full Value	\$37,802,200	\$37,766,100	\$ -36,100
Credit Rate (\$ per \$1,000)	-1.9037	-1.9037	0.0000
<b>Total Net Rate (\$ per \$1,000)</b>	<b>20.0619</b>	<b>20.0615</b>	<b>-0.0004</b>

In total, the net tax rate decreases by \$0.0001 per \$1,000 full value. The owner of a \$75,000 home would see a tax increase of \$0.01 on a tax bill of \$1,505 while the owner of a \$200,000 farm would see a tax decrease of \$0.02 on a tax bill of \$4,012.

Thus, the small reduction in the tax base results in a *small decrease* in the taxes paid by property owners in the town.



## National Forest Service



### Eligible land:

Of all federal agencies, the U. S. Forest Service (USFS) owns the most land in Wisconsin. Based on data used to calculate 1997 payments, the USFS owned 1,519,604 acres in Wisconsin's two National Forests: the Chequamegon National Forest with 858,226 acres and the Nicolet National Forest with 661,378 acres. National Forest lands are located in 11 counties and 72 municipalities. All USFS land qualifies for the special payments based on forest harvests. In addition, land that was in the public domain or purchased from private, non-governmental entities qualifies for PILT, discussed earlier in this report.

### Payment:

Under federal laws (known as the "Twenty-Five Percent Fund Act" and the "Weeks Law"), the USFS must annually pay 25% of the gross revenues from a National Forest to the state or states where that forest is located. Gross revenue includes timber sales, mineral rights, grazing fees, admission fees, and other user fees. Since they are based on gross revenues, payments are not prorated. USFS payments are calculated separately for each National Forest.

The payment in Wisconsin is made to the DNR. State law requires the DNR to distribute these funds to counties based on their acreage in the respective National Forest. Counties, in turn, were required to distribute these funds to municipalities based on their share of National Forest acreage in the specific National Forest. Municipalities retained the full payment. (Note: A provision of the 1999/2001 state budget directed the DNR to distribute these funds to school districts instead of municipalities. A distribution to school districts was made in 2000. Under a provision of 1999 Wisconsin Act 74, the distribution to schools was repealed and the distribution to municipalities restored).

The payment to Wisconsin, based on Forest Service receipts in federal fiscal year 1998, totaled to about \$2,166,000. Of this amount, \$1,231,000, or \$1.43 per acre, was distributed to counties with land in the Chequamegon National Forest and \$935,000, or \$1.41 per acre, was distributed to counties with land in the Nicolet National Forest. The statewide average payment was \$1.42 per acre. It is important to note that payments vary, sometimes significantly, from year-to-year because of changes in the value of timber harvests.

## Tax Impact:

To illustrate the effect of USFS acquisitions and payments on property taxes, a hypothetical purchase of 100 acres of forest land in the Town of Laona in Forest County is examined. The analysis assumes:

(1) public service costs do not change, (2) the estimated value of the land is \$57,000, or \$570 per acre, the same as taxable forest land in the town in 1998, (3) USFS payments consist of \$141 from the gross receipts payment and \$14 from the PILT, and (4) that the DNR distributed gross receipts payments to municipalities. The effect on property tax rates for 1998/99 is summarized below and in Table 7.

The tax levy and tax rate changes are:

### (1) Town of Laona:

The town's revenues increase by \$382, consisting of a PILT payment of \$14, a USFS income payment (via the DNR) of \$141, and an increase in state shared revenues of \$227. The revenue increase causes the tax rate to decrease by \$0.0036 per \$1,000 full value.

### (2) Forest County:

County revenues do not change. The county receives no FWS payments. State shared revenues do not change because the county receives minimum payments. The county's tax rate increases by \$0.0004 per \$1,000 full value.

### (3) Laona Schools:

The Laona School District receives an increase of \$805 in state school equalization aids. The levy therefore decreases by \$805. The effect on the tax rate is a decrease of \$0.0006 per \$1,000 full value.

### (4) Nicolet Technical College:

The district's revenues do not change. The tax base decline of \$57,000 is insignificant in a district with a total tax base of over \$7 billion.

### (5) State of Wisconsin:

The tax rate is set by law at \$0.20 per \$1,000 full value.

### (6) State Tax Credit:

The credit declines by \$126 due to the decrease in school levies; however, the credit rate does not change.

## National Forest Land Impact on Revenue:

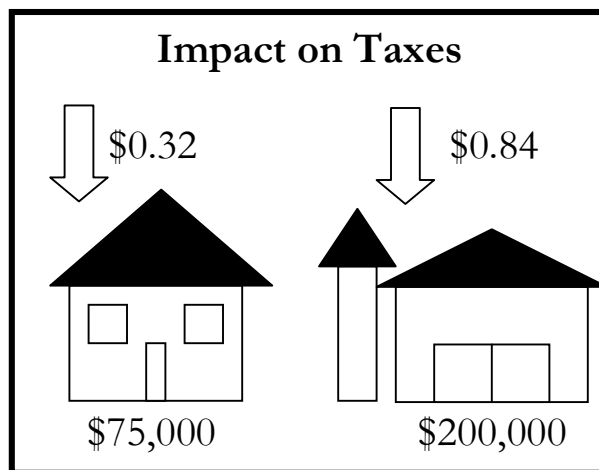
Forest County	\$0
---------------	-----

Town of Laona	\$382
---------------	-------

Laona Schools	\$805
---------------	-------

In total, the net tax rate decreases by \$0.0038 per \$1,000 full value. The owner of a \$75,000 home would see a tax decrease of \$0.32 on a tax bill of \$1,458 while the owner of a \$200,000 farm would see a tax decrease of \$0.84 on a tax bill of \$3,890.

Thus, the small reduction in the tax base results in a *small decrease* in the taxes paid by property owners in the town.





**Table 7. Effect of National Forest Land Purchase in the Town of Laona, Forest County.**

<b>Taxing Jurisdiction</b>	<b>Before Purchase</b>	<b>After Purchase</b>	<b>Change</b>
Town of Laona:			
Tax Levy	\$175,883	\$175,501	\$ -382
Full Value	\$49,563,500	\$49,506,500	\$ -57,000
Tax Rate (\$ per \$1,000)	3.5486	3.5450	-0.0036
Forest County:			
Tax Levy	\$1,600,002	\$1,600,002	\$ 0
Full Value	\$478,318,200	\$478,261,200	\$ -57,000
Tax Rate (\$ per \$1,000)	3.3451	3.3455	0.0004
Laona Schools:			
Tax Levy	\$830,864	\$830,059	\$ -805
Full Value	\$63,955,833	\$63,898,833	\$ -57,000
Tax Rate (\$ per \$1,000)	12.9912	12.9902	-0.0010
Nicolet Technical College:			
Tax Levy	\$11,660,645	\$11,660,645	\$ 0
Full Value	\$7,428,980,950	\$7,428,923,950	\$ -57,000
Tax Rate (\$ per \$1,000)	1.5696	1.5696	0.0000
State of Wisconsin:			
Tax Rate (\$ per \$1,000)	0.2000	0.2000	0.0000
State Tax Credit:			
Amount	\$109,147	\$109,021	\$ -126
Village Full Value	\$49,563,500	\$49,506,000	\$ -57,000
Credit Rate (\$ per \$1,000)	-2.2022	-2.2022	0.0000
<b>Total Net Rate (\$ per \$1,000)</b>	<b>19.4523</b>	<b>19.4481</b>	<b>-0.0042</b>



## Department of Defense

### Eligible Land:

Land owned by the Department of Defense and part of a military installation qualifies for a special payment. In Wisconsin, Fort McCoy currently qualifies for this payment. Fort McCoy covers about 60,400 acres in six towns in Monroe County.

### Payment:

An annual payment equal to 40% of the net proceeds of timber sales from military installations is to be paid to the state in which the timber harvests occurred. The state is required to enact legislation under which the funds are expended for the benefit of the public schools and public roads of the county or counties in which such military installations are located.

These payments are new to Wisconsin. The first payment was made in 1996. The 1998 payment was \$63,820, or about \$1.06 per acre. These funds were retained in the state treasury pending enactment of legislation specifying how the funds should be disbursed.

Under legislation enacted in late 1999, funds received for timber harvests at Fort McCoy will be disbursed as follows:

- 1) Fifty percent to Monroe County for the benefit of public roads in the county.
- 2) Fifty percent to school districts with territory in Monroe County based on the number of pupils in the previous school year who resided in Monroe County.



## Impact Area Aids

The Impact Area Aids program helps school districts provide educational services to federally connected children. The program is operated through the U. S. Department of Education in cooperation with state education departments. Since payments are not dependent on the number of acres of federal land in a school district, it is not possible to provide a per acre aid amount for this program. Of the 426 school districts in Wisconsin, data for the 1998/99 school year indicates that 37 school districts will share almost \$12 million in Impact Area Aid.

### Eligibility:

A school district can qualify for payments under this program under either of two general criteria. Payment is normally paid under the criterion that results in the higher aid payment. Unlike the other federal payments discussed in this report, payment is not automatic. School districts must apply each year they qualify if they are to receive this payment.

The two criteria used to determine eligibility are:

(1) The federal government owns property in the school district that was acquired since 1938 and that, at the time of acquisition, had an assessed value totaling to 10% or more of the school district's total assessed value. The aid payment is generally the assessed value of the federal property times the school tax rate for current operating (non-debt) purposes; however, due to insufficient federal appropriations, this payment is severely prorated. Unaudited data for the 1998/99 school year indicated that at least 4 of the 37 districts qualifying for Impact Area Aid did so under this criterion.

(2) The number of federally related weighted pupils must be greater than the lesser of 400 pupils or 3% of the total number of pupils in average daily attendance. In Wisconsin, federally connected pupils and their *weighted* count are: (a) residents on federal property with a parent employed on federal property, 1.00; (b) residents on federal property with a parent on active duty in the uniformed services, 1.00, (c) residents on Native American lands (tribal owned and held in trust for the tribe or individual Native Americans), 1.25; and (d) not residing on federal property but have parents working on federal property or on active duty in the uniformed services, and pupils residing in federal-subsidized low-rent housing, 0.10 (formerly 1.00, but reduced to 0.10 effective with the 1997/98 school year). Unaudited data for the 1998/99 school year indicated that 33 of the 37 districts qualifying for Impact Area Aid did do under this criterion.

Impact Area Aid is intended to match the amount of local taxes per pupil that a district raises to educate its pupils. However, since the appropriation is not sufficient to pay full entitlements, actual payments are prorated.

## Conclusion

The examples in this report clearly demonstrate that increases in the amount of public land have little effect on property taxes. Public land does not change tax rates because (1) lower tax bases lead to increased state school aids, and perhaps increased shared revenue for counties and municipalities, (2) payments in-lieu of taxes offset the loss in tax revenue from lands purchased under public land programs, (3) the state tax rate does not change because it is set by law, and (4) technical college districts' tax rates are little affected due to the very large size of their tax bases.

*What does this mean for local governments?*

It means that local officials do not need to be concerned that public land will mean higher property taxes because of the reduced tax base. Local officials should instead focus on how public lands affect their economy, their environment, their quality of life, and the type of community they want. Decisions should not be based on feared or imagined tax effects, since the impact on property taxes is usually quite insignificant.



*Canoeing at Firefly Lake.*

Appendix Table 1. Payments to Local Governments for State Public Land Programs in 1998.

Public Land Program	System of Payments	Total Payments per Acre	Distribution of Payments	Average Town Proceeds per Acre	Number of Acres (date)
County Forests	State: \$0.30/acre to town, paid annually	\$0.30	100% to town	\$0.30	2,340,963 (6/1998)
	County timber sales proceeds	\$1.85 to \$17.46	20% to state, 10% to towns, 70% to county	\$0.70	
Forest Crop Law	<i>Enrolled before 1972:</i> Owner: \$0.10/acre State: \$0.20/acre, both paid annually	\$0.30	80% to town, 20% to county	\$0.24	262,876 (1/1999)
	<i>Enrolled after 1972:</i> Owner: \$0.83/acre State: \$0.20/acre, both paid annually	\$1.03	80% to town, 20% to county	\$0.82	228,835 (1/1999)
	<i>Special class:</i> Owner: \$0.20/acre, paid annually	\$0.20	80% to town, 20% to county	\$0.16	27,978 (1/1999)
	Severance: 10% of value of timber cut	average of \$0.82 (Note A)	State recovers its per acre payments; remainder 80% to town, 20% to county	\$0.49 (Note A)	
	Withdrawal: Property taxes that would have been paid since entered (or renewed) less acreage share and prior severance payments, plus interest	\$28 to \$1212 (Note B)	State recovers its per acre payments with interest; remainder, 80% to town, 20% to county	\$139.70 (Note B)	
	Termination: 10% of value of timber on land	\$1 to \$95 (Note B)	State recovers its per acre payments with interest; remainder, 80% to town, 20% to county	\$18.82 (Note B)	
Woodland Tax Law	Owner: \$1.67/acre paid annually	\$1.67	100% to town	\$1.67	100,351 (1/1999)
	Withdrawal: 1% of per acre value of taxable forest land in county for each year land in program	\$33 to \$156 (Note B)	100% to town	\$67.62 (Note B)	
Managed Forest Land	<i>Open Land:</i> Owner: \$0.74/acre State: \$0.20/acre, both paid annually	\$0.94	80% to town, 20% to county	\$0.75	1,168,392 (1/1999)
	<i>Closed Land:</i> Owner: \$1.74/acre State: \$0.20/acre, both paid annually	\$1.94	\$1.00 closure fee to state; remainder, 80% to town, 20% to county	\$0.75	737,287 (1/1999)
	Severance: 5% of value of value of timber cut	\$0.29 (average) (Note A)	State retains 50%; remainder, 80% to town, 20% to county	\$0.12 (Note A)	
	Withdrawal: Greater of 5% of timber value or the net tax that would have been paid in the past less acreage shares (excluding closure fees) and yield payments	\$3 to \$432 (Note B)	State retains 50%; remainder, 80% to town, 20% to county	\$33.95 (Note B)	
Department of Natural Resources	Acquired before July 1, 1969: \$0.88/acre, paid annually	\$0.88	100% to town	\$0.88	895,727 (4/1999)
	Acquired between July 1, 1969 to January 1, 1992: higher of 100% initial year tax declining by 10% per year to 10% of initial levy or \$0.50/acre, paid annually	\$1.87 (average)	100% to town	\$1.87	345,389 (4/1999)
	Acquired after January 1, 1992: An annual payment based on the purchase price adjusted every year by the percentage change in the full value of land in the municipality multiplied by the total net tax rate in the municipality	\$19.15 (average)	Payment made to town, which must share with other taxing jurisdictions based on their share of taxes levied in the town	\$2.41	82,506 (4/1999)

Note A: Payments vary from year to year, depending on the amount of timber harvested.

Note B: Payments vary with the level of withdrawals or terminations. Payments per acre are calculated using the number of acres withdrawn or terminated from the program.

Source: Based on information provided by the Department of Natural Resources

Appendix Table 2. Payments to Local Governments for Federal Public Land Programs in 1998.

Public Land Program	System of Payments (Note A):	Total Payments per Acre	Distribution of Payments	Average Town Proceeds per Acre	Number of Acres (date)
Payment In-lieu of Taxes	Regular payment: for 1998 payments in Wisconsin, the greater of: (A)\$1.59 per acre of eligible land minus prior year payments from the 25% of gross revenues of national forests, or (B)\$0.22 per acre of eligible land. Special payment: On land acquired by the National Park Service that was taxable when acquired, 1% of the fair market value for the first 5 years after acquisition	Forest land: \$0.12 (Note B)  Other land: \$0.72 to \$1.20 (average \$0.74)	National Forest: Paid to DNR, which distributes 100% to towns based on total acreage in the forest. Towns retain full payment. All others: Paid to DNR, which distributes 100% to counties. Counties retain full payment.	Forest land: \$0.15 (Note B)  Other land: \$0.00	Fish & Wildlife: 721 Corps of Engineers 40,007 Defense: 53,429 Forest Service: 1,216,230 Bureau Land Management: 2,400 Park Service: 43,681 (1/1998) (Note C)
Army Corps of Engineers	Income payment: 75% of proceeds from leases on lands acquired for flood control, navigation, or allied purposes;	\$0 to \$100 (average \$1.64)	Paid to State Commissioner of Public Lands, which distributes 100% to counties. Counties retain full payment.	\$0.00	40,007 (1/1998)
Fish and Wildlife Service	Reserved acres (land from public domain): Income payment: 25% of net proceeds	\$0.00	100% to town, which is to share proceeds with other tax jurisdictions	\$0.00	721 (1/1999)
	Fee acres (land acquired): greater of 25% net proceeds, 0.75% of fair market value, or \$0.75 per acre	\$0.50 to \$19.79	100% to town, which is to share proceeds with other tax jurisdictions	\$1.93	135,644 (1/1999)
Forest Service	Income payment: 25% gross revenues from each national forest during a fiscal year	Nicolet: \$1.41 Chequamegon: \$1.43	Paid to DNR, which distributes 100% to counties based on acreage in the forest. Counties must distribute to towns on same basis. (Note D)	Nicolet: \$1.41 Chequamegon: \$1.43 (Note D)	1,519,604 (1/1998)
Dept. of, Defense	Income payment: 40% of net revenues from harvest of forest products on military installations. (In Wisconsin, this applies only to Fort McCoy at the current time). )	\$1.06	50% to county for public roads; 50% to schools with territory in county based on number of pupils residing in county	\$0.00	60,380 (1/1999)
Impact Area Aids	A school district qualifies if it meets one of the following: (1) property acquired by federal government had an assessed value at time of acquisition of 10% or more of the assessed value of the school district; (2) federally connected children (mainly pupils living on Indian reservations or military bases) attending public schools is the lesser of 400 pupils or 3% of the number of pupils in average daily attendance.	Not Available	100% to school districts	\$0.00	Not Available

Note A: If federal appropriations are insufficient to pay full entitlements, actual payments are proportionally reduced.

Note B: This per acre figure is calculated using total Forest Service land; for "eligible" acres the average was \$0.14 per acre.

Note C: The acreage data in this section are those that qualify for payments in-lieu of taxes. Other acres owned by these agencies are not included here.

Source: Respective federal agencies, Wisconsin Department of Natural Resources, State Commissioner of Public Lands, Wisconsin Department of Public Instruction